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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, JULY 15, 1999

APPLICATION OF

APPALACHIAN POWER COMPANY

CASE NO.PUE990352

For approval of tariff riders

ORDER ON RECONSIDERATION

On June 14, 1999, Appalachian Power Company, d/b/a/ American Electric Power ("AEP" or "the Company") filed a Petition for Reconsideration of the Commission's Order Approving Tariff of June 24, 1999.¹ In that order, we approved, on a temporary basis through June 1, 2000, two riders to the Company's tariff: Schedule ECS (Emergency Curtailable Service Rider) and Schedule PCS (Price Curtailable Service Rider).

AEP proposed that compensation to customers for curtailed kWh under the provisions of Schedules ECS and PCS be treated as purchased power for accounting and fuel factor purposes. We determined that AEP's proposed treatment of compensation to customers for curtailment under the riders as purchased power for accounting and fuel factor purposes presented an issue as to

¹ AEP's petition was filed one day before the Commission becomes powerless to modify, vacate, suspend, or otherwise revisit its June 24, 1999, order. See Rule 8:9 of the Commission's Rules of Practice and Procedure; Rule 1:1 of the Rules of Supreme Court of Virginia.

whether such costs represent costs within the Company's definitional framework of fuel expenses. However, because of the apparent urgencies cited in the Company's application that may inhibit the utility's statutory duty to provide adequate service, we approved immediate implementation of the riders, but did not permit the proposed accounting treatment for curtailment credits to be implemented at that time. We stated in our order we would, in a subsequent proceeding with participation from the Staff and interested parties, determine whether the curtailment riders should be made permanent, and the appropriate accounting and fuel factor treatment for curtailment compensation credits.

AEP requests in its petition that we either delay implementation of the riders until the issue of cost recovery can be considered and resolved, or, alternatively, give temporary approval to the Company's requested accounting and fuel factor treatment for schedules ECS and PCS while those schedules are in effect on a temporary basis.

NOW THE COMMISSION, upon consideration of the Company's petition, is of the opinion and finds that AEP's request should be denied. As we determined in our June 24, 1999, order, we cannot find it in the public interest to delay implementation of the riders. With regard to schedule ECS, we want the Company to have the ability to respond to system emergencies by implementing voluntary load curtailments. We further note that,

pursuant to the terms and conditions of service of Schedules ECS and PCS, the Company has the sole discretion to activate either or both tariffs. Accordingly,

IT IS ORDERED THAT:

(1) The relief requested in AEP's Petition for Reconsideration is denied.

(2) The Company's shall file forthwith revised tariffs for Schedules ECS and PCS that eliminate the last sentence of the "Monthly Credit" section on Sheet Nos. 22-3 (ECS) and 23-3(PCS), and that are otherwise consistent with the terms of our June 24, 1999, order.

(3) This matter is continued generally.